

# Encouraging landlords to let to people receiving benefits

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Final report  
January 2021



In partnership with



Cabinet Office



Centre for  
Homelessness Impact



# What did we do?

## Steps for online trial with landlords



### Step 1: Recruitment

NRLA emails members inviting them to participate by sending them a link to the online trial.



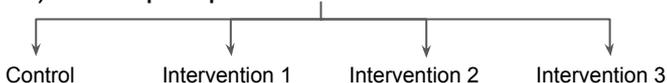
### Step 2: Scenario

Landlord participants are introduced to a scenario where they are advertising an affordable property.

### Step 3: Intervention



Participants are randomised into groups that each see a different email exchange between them (the landlord) and a prospective tenant or a LA.



### Step 4: Questions

Participants state if they wish to continue with the tenant's application. They then enter into to the second trial (repeating steps 2-4).

The Behavioural Insights Team (BIT) worked with the Centre for Homelessness Impact (CHI) and the National Residential Landlord Association (NRLA) to test interventions to encourage private landlords to rent to people receiving Universal Credit (UC).

We ran two simulated randomised controlled trials with nearly 2800 landlords from the NRLA looking at the following questions:

- Does disclosing additional information about the tenant increase landlord willingness to continue with the application of someone receiving UC?
- Which Local Authority (LA) incentives or support programmes are most effective at increasing landlord willingness to rent to someone receiving UC?

We believe these trials to be the first behavioural experiments with landlords in the country.

# The Private Rented Sector has a role to play in housing people experiencing homelessness



## Private Rented Sector size & role in relieving homelessness

|   | England  | Scotland                        | Wales  |
|---|--|---------------------------------|--|
| <i>No. of PRS properties</i>  | ~5,000,000 <sup>1</sup>                            | ~340,000 <sup>2</sup>           | ~200,000 <sup>3</sup>                              |
| <i>No. of homeless households</i>   | ~288,000 <sup>4</sup><br>Prevention + Relief duty  | ~31,000 <sup>5</sup>            | ~22,000 <sup>6</sup>                               |
| <i>Share of homeless households placed in permanent PRS accommodation</i> | 36% / 22% <sup>4</sup><br>Prevention / Relief duty | ~5% <sup>5</sup><br>Relief duty | 40% / 33% <sup>7</sup><br>Prevention / Relief duty |

**Prevention duty: 1 in 3** people in England are prevented from becoming homeless by finding a home in the PRS; this rises to **2 in 5** in Wales

**Relief duty: 1 in 5** people experiencing homelessness in England end up being housed in the PRS; this rises to **1 in 3** in Wales

The Private Rented Sector (PRS) plays a significant role in housing those who are experiencing homelessness. Housing people experiencing homelessness in the PRS is becoming increasingly important, as the social housing sector has been unable to keep up with demand.<sup>8</sup>

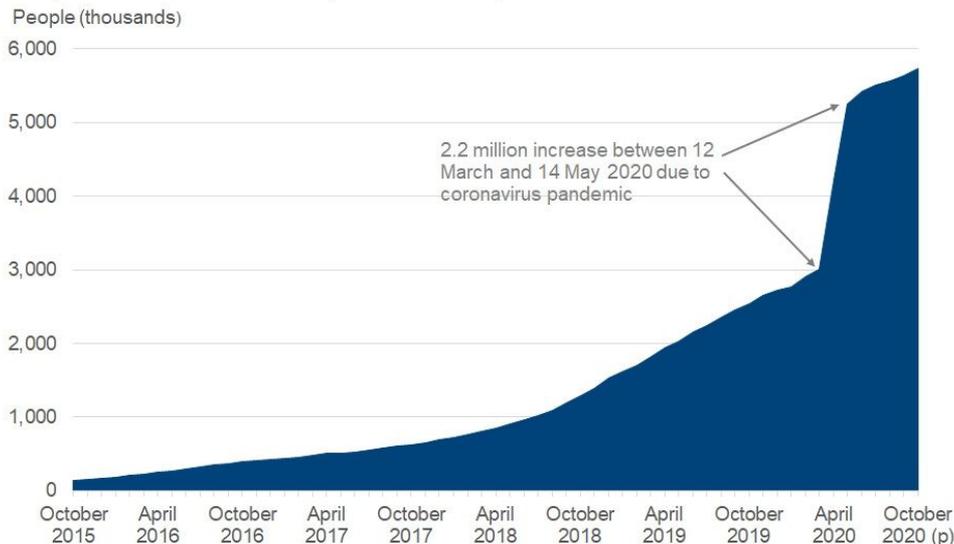
While the PRS plays a larger role in housing homeless households in England and Wales than in Scotland, the PRS is increasingly important in Scotland's larger cities.<sup>9</sup>

1) [Rugg & Rhodes](#) (2018) 2) [Scottish Household Survey](#) 2019 (2020); 3) [Rent Smart Wales](#) (2020); 4) [MHCLG](#) (2020); 5) [Scottish Government](#) (2020); 6) [Welsh Gov](#) (2020); 7) [StatsWales](#) (2019); 8) [BBC](#) (2019); 9) [Edinburgh City Council](#) (2019)

# Many people experiencing homelessness receive benefits; this has increased due to COVID-19



People on Universal Credit, Great Britain, October 2015 to October 2020<sup>2</sup>



Note: (p) provisional. See Stat-Xplore for the full data series.  
Source: DWP Stat-Xplore, People on Universal Credit, month  
[https://stat-xplore.dwp.gov.uk/webapi/openinfo page?id=UC\\_Monthly](https://stat-xplore.dwp.gov.uk/webapi/openinfo page?id=UC_Monthly)

Many households experiencing homelessness receive some form of government benefit.<sup>1</sup> Given that landlords are hesitant to rent to people who receive benefits, this may be acting as a barrier to people experiencing homelessness accessing housing in the PRS.

COVID-19 is likely to compound this issue further, as the number of people claiming benefits through UC rose by 2.7 million between March and October 2020, an increase of 90%.<sup>2</sup> Organisations such as Generation Rent, an advocacy organisation for PRS tenants, have warned that hundreds of thousands are falling behind on paying rent: tenants in the PRS were more likely than homeowners to suffer a loss of income during the pandemic, meaning many have fallen behind on rent payments.<sup>3</sup>

1) [Crisis](#) (2015); Note that it is not possible to get an exact estimate of the share of people presenting as homeless who receive housing benefit or other benefits, as this is not currently reported; 2) [DWP](#) (2020); 3) [Generation Rent](#) (2020)

# Private landlords are hesitant to let to people who receive benefits



According to the latest English Private Landlord Survey, half of **PRS landlords in England say they are unwilling to rent to households that receive housing benefits or universal credit (UC).**<sup>1</sup>

While there are certainly structural reasons for this, such as the Local Housing Allowance (LHA) rate historically not covering the targeted 30th percentile of the PRS,\* there are indications that some of the drivers for this may also be behavioural: research by the Bureau of Investigative Journalism found that half of landlords with a property affordable at the LHA rate refused to let to a single mother who received housing benefits.<sup>2</sup>

This research indicates that landlords and letting agents may hold beliefs and preconceptions about households who receive housing benefits that are not related to affordability alone.

## English Private Landlord Survey (2018)



**52% & 37%**  
landlords agents

Unwilling to let to  
people in receipt of  
**Housing Benefit**



**47% & 33%**  
landlords agents

Unwilling to let to  
people in receipt of  
**Universal Credit**

\*Local Housing Allowance is monetary amount that a person who lives in the PRS and qualifies for housing benefits receives to cover their housing costs. Prior to the [Government re-targeting the LHA rate](#) to the 30th percentile as part of it's COVID-19 response, less than 15 per cent of accomodation was affordable at the LHA rate in most regions (Chartered Institute of Housing, 2019). See Annex D for an overview of UC.

1) [MHCLG](#) (2019); 2) [Bureau of Investigative Journalism](#) (2019)

# Interventions and trial findings

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# We ran two online trials with scenarios targeting interventions for both an open and LA-assisted tenant search



|                   | Trial 1: What to disclose  | Trial 2: What support is effective   |
|-------------------|--|--|
| Intervention idea | <p><b>Provide additional information*</b> about prospective tenant who receives UC to see if it increase a landlord's willingness of continue with the tenant's application in a fictional rental scenario. Attachments included:</p> <ul style="list-style-type: none"> <li>• A pre-tenancy training course certificate</li> <li>• A budget planner</li> <li>• A leaflet on alternative payment arrangements</li> </ul> | <p><b>Offer incentives*</b> to the landlord to see what works to encourage them to rent to a prospective tenant who is being supported by a LA housing team. Incentives included:</p> <ul style="list-style-type: none"> <li>• £1000 cash upfront</li> <li>• Rent guarantee</li> <li>• Deposit bond</li> <li>• Landlord liaison officer</li> </ul> |
| Touchpoint        | <p>Selecting a tenant through open search</p>  | <p>Selecting a tenant through the LA</p>   |
| Barriers targeted | <ul style="list-style-type: none"> <li>• Previous bad experience</li> <li>• Fear of bad experience</li> <li>• Understanding of UC</li> </ul>   | <ul style="list-style-type: none"> <li>• High demand for affordable lets</li> <li>• Support from LA</li> <li>• Fear of bad experience</li> </ul>   |

\*We selected informational attachments and incentives that LAs commonly use (see Annexes A & B)

# Half of the landlords who participated in our trials had experience renting to tenants who received UC



## Profile of the landlords in our trials

|                                  |                          |                         |  |
|----------------------------------|--------------------------|-------------------------|--|
| Years of experience              | <b>37%</b><br>0-10 years | <b>63%</b><br>10+ years |  |
| Own property under LHA rate      | <b>49%</b><br>No         | <b>19%</b><br>Yes       | Half of the landlords in our trials had rented to a tenant who received UC |
| Rented to tenants who receive UC | <b>48%</b><br>No         | <b>52%</b><br>Yes       |  |
| Worked with LA to find a tenant  | <b>82%</b><br>No         | <b>18%</b><br>Yes       |  |

We recruited 2,798 landlords who were registered with the NRLA to participate in our trials.

Our participants were about equally male and female, had many years of experience with being a landlord (63.4% of the sample had 10+ years of experience), and had properties across all regions of England and Wales (though only a small minority have properties in Scotland or Northern Ireland). Only 18.7% of participants said that they owned a property under the LHA rate, though 32.6% didn't know. Moreover, 51.9% of our participants had experience with tenants receiving UC and 17.8% said they had worked with an LA to find a tenant

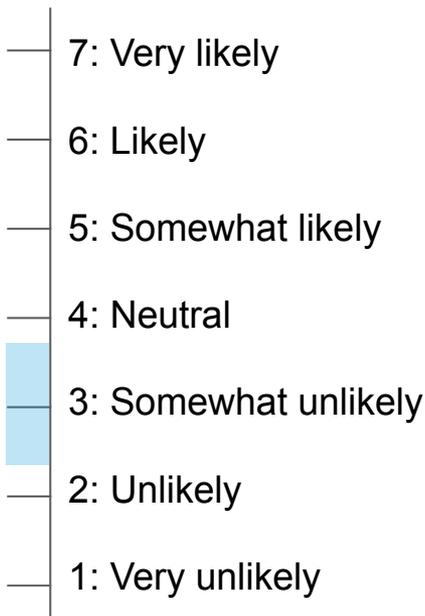
# Across both trials, average willingness to rent to people receiving UC was low across interventions



## Average willingness to rent to someone on UC across intervention arms in the two trials

Average willingness to rent to someone receiving UC did not go above 'neutral' in any of our interventions

Range of post-intervention averages



In both of our trials, **average willingness to rent to people receiving UC was low** (on average 'somewhat unlikely' across interventions).

The **scenarios we presented in our trials were designed either to be affordable** at the LHA rate or to compensate landlords for renting at a below market rent. This demonstrates that a tenant's ability to afford rent is not the only barrier to overcome in encouraging landlords to rent to people who receive UC.

Our findings imply that **higher LHA rates are not enough on their own to increase the supply of private lets** accessible to people receiving UC. Policy makers and homelessness services should consider additional programmes (such as combining financial incentives and skills building), as well as structural changes to UC to encourage landlords to rent to people receiving UC.

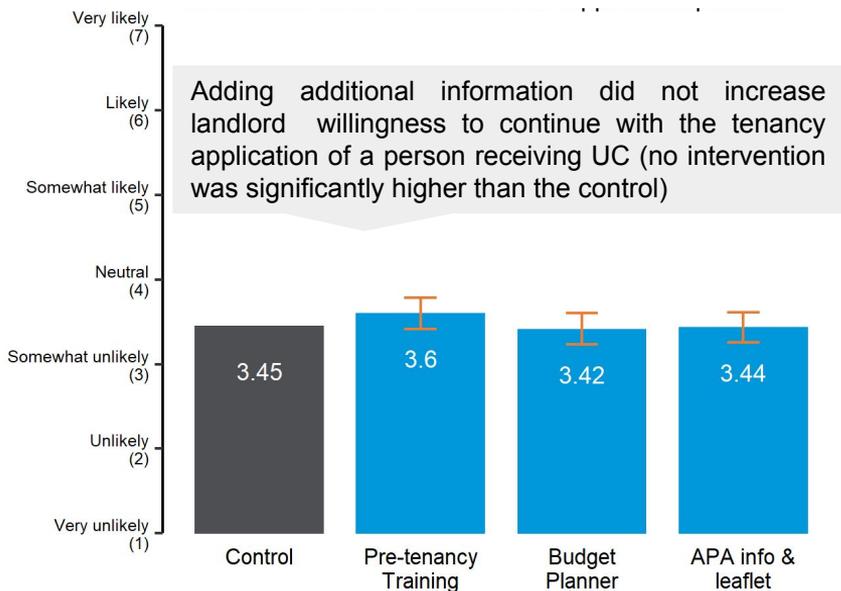


*Findings from Trial 1:  
What to disclose*

# Giving landlords additional information about a prospective tenant did not increase willingness to rent to them



## Average likelihood of continuing with application by intervention arm



N = 2798  
\*\* p<0.01, \* p<0.05, + p<0.1, adjusted for multiple comparisons  
Errorbars = 95% CI for each treatment effect vs. control  
Primary analysis

In this trial, landlords were presented with a scenario in which a prospective tenant is applying for a one bedroom property. The property's rent was equal to the housing benefit payment that the prospective tenant was receiving. Landlords were randomly sorted in four groups where they were presented a similar email tenancy application but with different attachments:

- **Control:** No attachment
- **Pre-tenancy training:** Certificate of completion & schedule for a tenancy skills programme
- **Budget planner:** Table of income & expenditure
- **Alternative payment arrangement (APA) leaflet:** Information about APA (where housing benefit can be transferred directly to the landlord)

**None of our intervention arms significantly increased landlord willingness to rent to a person receiving UC.**

See Annex A for an overview of our trial design and intervention materials

# Changing landlord expectations about tenant behaviour is not enough to encourage them to rent to UC recipients



## Effectiveness of interventions at changing landlord expectations of the prospective tenant

Measured on a 1-7 scale from very unlikely to very likely

Pre-tenancy training & budget planner caused a larger increase in perceived tenant responsiveness

| Question  | Control | Training | Budget | APA   |
|---|---------|----------|--------|-------|
| Responsiveness<br><i>How likely is that they'd get in touch with you if he/she struggles to pay the rent?</i> | 4.08    | 4.50**   | 4.44** | 4.13  |
| Care<br><i>How likely is it that they'd take adequate care of the property?</i>                               | 4.47    | 4.68**   | 4.66*  | 4.41  |
| Missed payments<br><i>How likely do you think it is that Mark would miss or be late on rent payments?</i>     | 4.61    | 4.51     | 4.58   | 4.44* |

\*\* p<0.01, \* p<0.05, + p<0.1, adjusted for multiple comparisons

In the trial, landlords answered questions about their expectations of the prospective tenant's behaviour. The interventions we tested improved landlord expectations in the following ways:

- **Responsiveness:** larger improvement (0.4 points on 1-7 scale) for pre-tenancy training & budget planner;
- **Care:** smaller improvement (0.2 points) for pre-tenancy training & budget planner;
- **Missed payments:** smaller improvement (0.2 points) for APA leaflet

These shifts in landlord expectations about the prospective tenant did not result in landlords being more willing to rent to a tenant receiving UC, as shown by our overall null result for the trial. This suggests that either we did not shift expectations enough, or that other factors are influencing landlord decisions (for example, competition from other prospective tenants.)



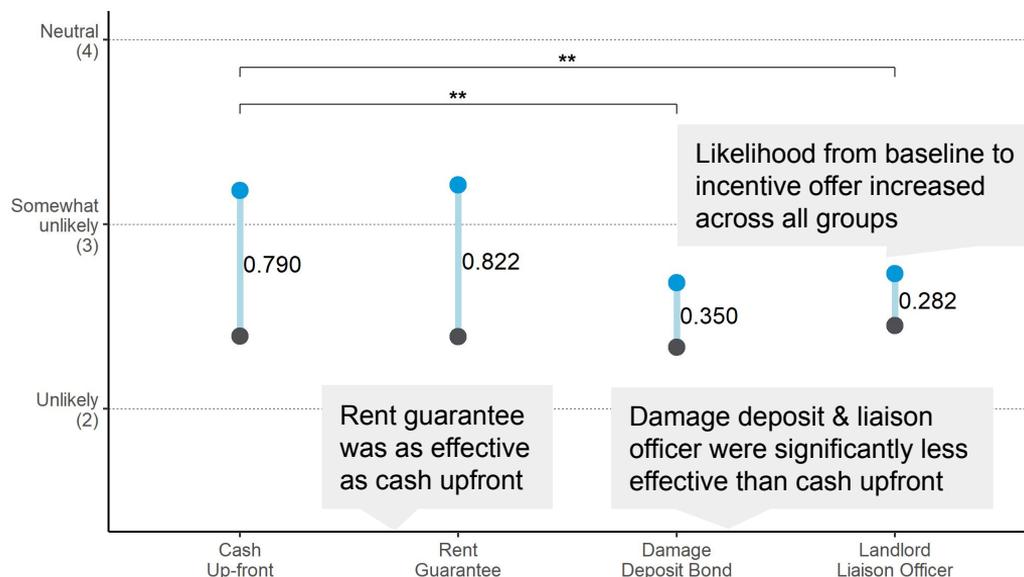
*Findings from Trial 2:  
What support is effective*

# Offering landlords £1000 cash or a rent guarantee were the most effective at encouraging them to rent to the tenant



## Average change in likelihood of accepting the offer

Average likelihood at baseline & after incentive offer



N = 2,798  
 \*\* p<0.01, \* p<0.05, + p<0.1, adjusted for multiple comparisons  
 Displayed points represent unadjusted group means  
 Primary analysis

● Baseline offer ● Offer with incentive

In this trial, landlords saw a fictional email from a LA housing team asking about the landlord's willingness to rent below asking rent at the LHA rate to a tenant receiving UC (the baseline offer). Landlords then saw a second fictional email, offering the landlord an incentive to accept the same tenant (the offer with incentive). Landlords were randomly shown one of four incentives.

**Offering cash upfront or a rent guarantee both resulted in larger increases in accepting the offer (0.8 points on 1-7 scale).** Offering a deposit bond or a liaison officer resulted in increases less than half as large (0.3 points).

See Annex B for an overview of our trial design and intervention materials

# Cash upfront & rent guarantee increased expectations for profit and paying rent on time



## Effectiveness of interventions at changing landlord expectations of the prospective tenant

Measured on a 1-7 scale from very unlikely to very likely

| Question   | Cash | Rent   | Bond   | Officer |
|--|------|--------|--------|---------|
| Responsiveness<br><i>How likely is it that the council would reply to your emails promptly?</i>              | 3.53 | 3.58   | 3.43   | 3.43    |
| Profit <sup>±</sup><br><i>How much profit would you expect to make on this tenancy?</i>                      | 2.97 | 2.65** | 2.44** | 2.53**  |
| Rent payments<br><i>How likely do you think you would be to experience miss or be late on rent payments?</i> | 4.62 | 4.07** | 4.7    | 4.65    |

Cash upfront increased expected profit & rent guarantee reduced expected missed or late rent payments

\*\* p<0.01, \* p<0.05, + p<0.1, adjusted for multiple comparisons

± 1-7 scale from far below average to far above average

Landlords also answered questions about their expectations of the prospective tenant's and the LA's, behaviour (see table to the left). We found that the two most effective interventions also shifted landlord expectations:

- Offering a rent guarantee had a larger impact on landlords' expectations of missed or late rent payments (0.5-0.6 points on 1-7 scale); and
- Offering cash upfront had a smaller impact on expected profit (0.3-0.5 points on 1-7 scale).

The fact that significant shifts in missed or late payments and expected profits were associated with significant shifts in the likelihood to accept the council's offer suggests that expectations for getting rent paid on time and making profit are key considerations in tenancy decisions.

# Offering a landlord liaison officer as a single point of contact did not increase expectations of LA responsiveness



## Effectiveness of interventions at changing landlord expectations of the prospective tenant

Measured on a 1-7 likert scale from very unlikely to very likely

| Question   | Cash | Rent   | Bond   | Officer |
|--|------|--------|--------|---------|
| Responsiveness<br><i>How likely is it that the council would reply to your emails promptly?</i>              | 3.53 | 3.58   | 3.43   | 3.43    |
| Profit <sup>±</sup><br><i>How much profit would you expect to make on this tenancy?</i>                      | 2.97 | 2.65** | 2.44** | 2.53**  |
| Rent payments<br><i>How likely do you think you would be to experience miss or be late on rent payments?</i> | 4.62 | 4.07** | 4.7    | 4.65    |

Offer of landlord liaison officer did not impact expected LA responsiveness

We had expected that the offer of support from a landlord liaison officer would increase expectations of LA responsiveness, but this was not the case. While we do not know why, possible reasons include:

- Landlords did not believe the liaison officer would be responsive;
- The description we included in the trial was not clear enough; or
- Landlords assumed that an LA that offers financial incentives would be responsive to landlord needs in other areas as well (such as communication).

Our findings suggest that a single point of contact is not the most effective marketing tool for encouraging landlords to work with an LA.

\*\* p<0.01, \* p<0.05, + p<0.1, adjusted for multiple comparisons

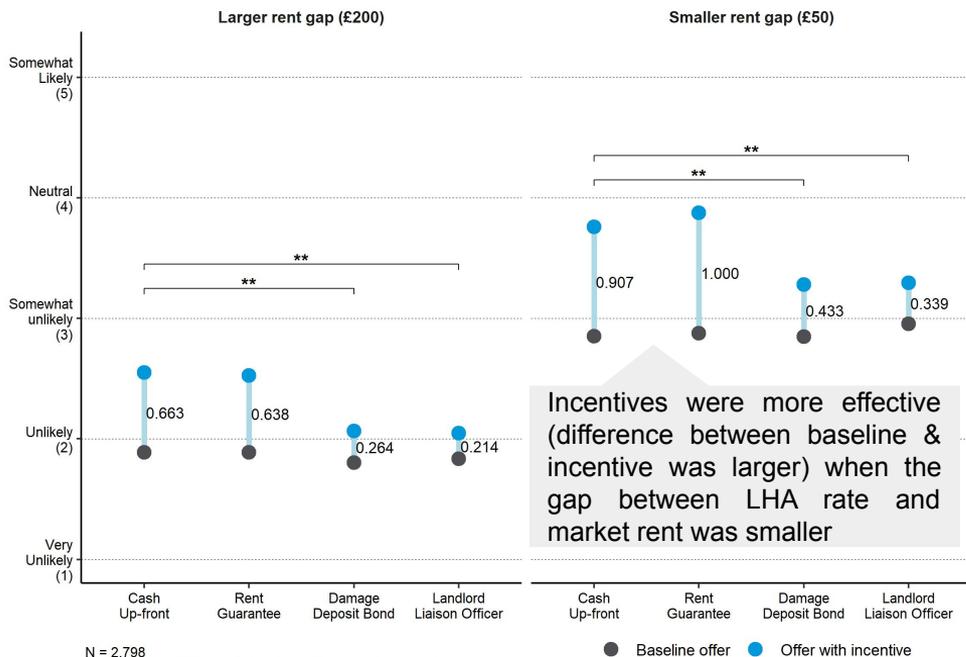
± 1-7 scale from far below average to far above average

# LA-offered incentives were more effective if the gap between the LHA rate and market rent was smaller



## Average change in likelihood of accepting the offer

Average likelihood at baseline & after incentive offer



Participants in this trial were randomly split into two subgroups:

- **Smaller rent gap:** £50 gap between LHA rate and monthly rent
- **Larger rent gap:** £200 gap between LHA rate and monthly rent

The results in each of these groups followed the same pattern as in the whole-sample analysis: cash upfront and rent guarantee were the most effective. However the effects of the incentives were much larger for the smaller rent gap. This finding (that incentives are more effective when the gap between market rent and the LHA rate is smaller) emphasises the importance of keeping the LHA rate in line with market rents. Failure to do so will result in LA incentive programmes being less effective.

N = 2,798  
 \*\* p<0.01, \* p<0.05, + p<0.1, adjusted for multiple comparisons  
 Displayed points represent unadjusted group means  
 Primary analysis

# Conclusions & Recommendations

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# Conclusions



**Affordability is not the only barrier.** In both of our trials, average willingness to rent to people receiving UC was low, even though scenarios were designed to be affordable. This demonstrates that a tenant's ability to afford rent is not the only barrier to overcome in encouraging landlords to rent to people who receive UC.



**The 'how' of a rent guarantee matters.** We found that informing landlords about Alternative Payment Arrangements are not an effective way to reassure them that they will get paid rent on time. A rent guarantee backed by a LA, on the other hand, was more effective.



**Commonly-used programmes may have little impact.** Sharing proof of attending pre-tenancy training or a completing a budget planner did not change landlord rental decisions. Offering a damage deposit bond or a single point of contact for landlords had only a small impact on willingness to rent.



**Incentives go further if LHA keeps up with the market.** Incentives were more effective when the gap between market rent and the LHA rate was smaller. If LHA rates are not aligned with market rents, LA incentive programmes may be less effective at encouraging landlords to rent to people receiving UC.



**UC-experienced landlords are more likely to proceed.** Landlords who had experience with renting to tenants receiving UC were more more likely to continue with the application compared to those without experience. While this is not necessarily a causal relationship, LAs can use these insights to target the landlords they reach out to.



**Next step is to understand cost effectiveness.** Offering landlords cash upfront or a rent guarantee were the most effective at increasing landlord willingness to rent at the LHA rate. Understanding cost per tenancy will help LAs decide which incentives and programmes are right for them.



# Next steps

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**Testing cash upfront and rent guarantees.** Offering landlords cash upfront or a rent guarantee were the most effective at increasing landlord willingness to rent at the LHA rate. Understanding cost per tenancy will help LAs decide which incentives and programmes are right for them.

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**Understand other impacts of commonly-used programmes.** Attending pre-tenancy training, completing a budget planner, offering a damage deposit bond or a single point of contact for landlords had only a small or no impacts on willingness to rent. Yet, these are still commonly used programmes which may have other impacts.

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**Support LAs to use findings to inform their decisions.** We are seeking opportunities to support LAs utilise these findings to adapt the interventions they are putting in place, and test further the cost-effectiveness of these different approaches to support people into the PRS.

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